

## Why are IMF policies failing to stabilise our economy?



**Faiz Ahmad Taiyeb**  
writes on sustainable development and is a public policy critic. He has several books to his credit, including "Fourth Industrial Revolution and Bangladesh," "Bangladesh: Development Trajectory And Democracy Deficit," and "50 Years of Bangladesh Economy."

FAIZ AHMAD TAIYEB

During its latest partnership with the International Monetary Fund (IMF), Bangladesh has been experiencing high inflation for the past 22 months, its economic crisis worsening gradually. Financial account deficits have surpassed \$9.26 billion. With outstanding payments across various sectors like electricity, aviation, fuel imports, and various digital sectors, the net reserves have plummeted to just \$13.8 billion, a situation reminiscent of nine years ago. The continuous dollar crunch and dollar payment crisis have persisted for the past 22 months, further strangling the country's business and employment sectors due to LC's substandard control.

Meanwhile, the government is also suffering from a local currency crisis. Being unable to make due payments in taka, it decided to issue special bonds worth nearly Tk 26,000 crore. Nearly half of the new foreign loans are being used to pay the interest and principal on unscrupulous loans taken in the past. The country has witnessed the highest depreciation in the value of taka during this

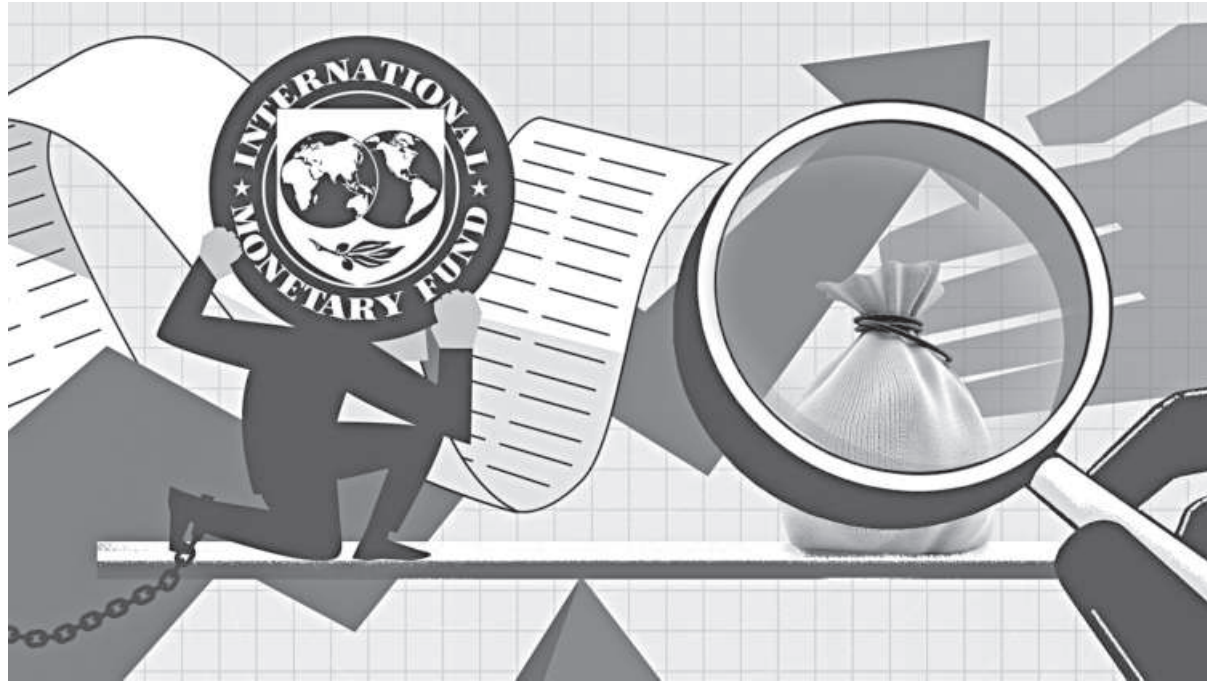
The savings interest rates on deposits have not been adjusted at the right time. Banks have created a messy window for swapping loans at low rates, causing capital flight and deteriorating private sector investments. The Bangladesh Bank failed to put a brake on the rise of politically motivated non-performing loans (NPLs), nor could it restore depositors' trust.

The IMF has not really been critical about the mechanism of hiding billions of dollars' worth of NPLs. Despite IMF engagement, there has been no pressure on banks suffering with NPLs. Four state-owned banks alone have seen a 27 percent increase in defaulted loans, reaching nearly Tk 63,000 crore in total at the end of last year. The crucial issue is that there hasn't been any attempt to bring the top loan defaulters to book. Thus, the IMF has not been able to address the root cause of systemic economic issues.

All efforts to reduce inflation resulted in further increase in prices. Measures like increasing interest rates, restricting capital flight and NPL, and halting capital

circles, false hardware capability, capacity charges, faulty power plants, inefficient power plants, renewal of inefficient ageing power plants, high system loss, and other systemic flaws. Analysis of unit-wise production in 2023 shows that despite 23-25 percent unit mechanical failures in electricity production, revenue is obtained through capacity charges and overbilling. The Bangladesh Power Development Board (PDB) is procuring electricity production capacity from plants that are sitting idle through billion-dollar electricity purchases. All of these are absent in the IMF's "policy proposals." The pressure to reduce administrative expenses (austerity) is not visible.

IMF's policy on waivers is contentious. Despite failing to meet the three main conditions (dollar rate, net reserve limit, and percentage of NPLs) during the second instalment, Bangladesh received a waiver, which was delayed in other countries for the same reason. Despite the dollar crisis, the country has maintained regular debt servicing (payment of



VISUAL: ANWAR SOHEL

time. So, the question arises: Why does macroeconomic instability continue to plague Bangladesh even after partnering with the IMF?

In my opinion, there are five major reasons: mismanagement of policies; overlooking large-scale statistical discrepancies; failure to propose research-based policies; the nexus between corrupt governance and institutional incompetence; and, ultimately, the mindset of giving concessions to reform policies.

Despite Sri Lanka stabilising its economy within six to nine months of entering a deal with the IMF, Bangladesh hasn't, raising questions about the effectiveness of IMF engagement here.

While the first instalment of the lending package was granted a year ago, inflation has continued to soar, with banking liquidity crises, money laundering, weak bank mergers, and unresolved bad loan issues (NPLs) still persistent. However, government expenditure hasn't been reduced, rather development budgets (ADPs) have been slashed. IMF negotiations haven't significantly impacted critical aspects of poor governance.

The implementation of the crawling peg method (which should have been done at least a year ago) to control the dollar rate was mistimed. Policy rates have been further increased when lending interest rates doubled within a few months. The exchange rate against the dollar hasn't been realistically adjusted, and the real effective exchange rate (REER) hasn't been followed in due course. After 25 percent depreciation over two years, the new step of taka depreciation by 6.3 percent has led to an increase in the total foreign debt position to nearly Tk 70 crore (about \$6 billion). With the dollar rate rising by Tk 7, the government's main burden of electricity capacity charges, fertiliser, and fuel imports, especially electricity production expenses, will increase. As a result, the country will directly experience a new wave of inflation.

flow mechanisms have NOT been taken on time to combat inflation.

Zero incentive policy (the only motto of revenue increase) has triggered new poverty, energy poverty and urban poverty. In particular, continuous hikes of primary energy and electricity prices, import duty and VAT etc exacerbated poverty among the poor and middle class. Rising fertiliser and diesel prices caused very high food prices and fuelled hunger and malnutrition everywhere. International markets have seen a stable or declining price for primary energy over the past six months, yet due to IMF pressure, prices of energy and electricity have not decreased in the country—rather, the opposite happened.

Concerns persist that policy inconsistency and conflicts will not get in the way of ensuring macroeconomic stability in Bangladesh. Triggering all accelerators of inflation at the same time must be avoided; logical sequencing and order management are needed.

Mistimed currency devaluation under the crawling peg method will not curb inflation. Over the past two years, the effect of "new money injection" has fuelled new inflation—i.e. the flow effect of printing reserves is still ongoing. Inflation will continue due to import LC blockade. Although private banks had a higher closing dollar rate of Tk 117 compared to the state-run banks' Tk 110, costly imports will exacerbate inflation. The plan to increase electricity prices four times a year over three years will raise inflation. All logical expectations for inflationary growth will also increase prices in the market.

The IMF's policy to reduce incentives, centred around electricity accounts, is flawed; the policies are not research-based. In reality, Bangladesh loses billions of dollars from manipulated power sector capacity charges. Political malpractice in the power sector includes corruption in large

interest and principal on foreign loans), which may be why the IMF has brought flexibility into its policy here, adjusting its lending business to the government's terms. The June 2024 target for forex reserves has been brought down to \$14.76 billion from \$20.10 billion. Not only that, but the IMF has also reduced the government's revenue target. The question is, has the IMF not conducted sufficient research and preparation? Or does the Bangladesh mission lack enough expertise and the knowledge of local data manipulation?

One of Bangladesh's major problems is misinformation, and the IMF remains indifferent to that. According to IMF studies, the actual amount of defaulted loans is twice the government's figure. There are discrepancies not only in population data, but also in per capita income data. There's uncertainty whether the new exchange rate will adjust the dollar value of the GDP. In the past year, despite a nearly 25 percent decrease in the value of the taka, there has been no trustable adjustment in the dollar rate for GDP. Despite inflating GDP at 9.5 percent inflation rate, a nearly 30 percent decrease has happened in the value of money over the last 1.5 years. There should be a drop in GDP and per capita in terms of dollars, and a sharp rise in debt-to-GDP ratio.

Based on its own information, the Bangladesh Institute of Development Studies (BIDS) found a 15 percent food inflation in a recent survey. But the Bangladesh Bureau of Statistics (BBS) reported a 10.22 percent food inflation in April 2024. The deviation between the two surveys is 46.77 percent. This level of misinformation and/or information discrepancy has crossed all limits. Controlling inflation is crucial as a means to restore macroeconomic stability in the country. If the inflation data remains misleading, the effectiveness of the proposed IMF reform policies will remain under question too.

## Citizen data server? More like a data supermarket



OF MAGIC AND MADNESS

Badiuzzaman Bay  
is assistant editor at The Daily Star.

BADIUZZAMAN BAY

Need someone's phone number to promote your products or do something similarly invasive? Need a rival's call history to know with whom they are talking in secret? Or someone's NID card to open a fake bank/MS account, or take out loans in their name? Or their driving licence to stage an incriminating scene?

There was a time when these questions would be almost as dangerous to ask as the pursuit of their answers. You would be looking over your shoulder constantly, lest someone catch a whiff of your unseemly interests. The criminal market built around such pursuits was still niche, and the *personal* of "personal data" still meant something other than just the nature of the data in question—it was a hands-off warning to anyone looking to infringe upon someone else's privacy. But those days are coming to an end. Today, thanks in large part to the frequent breaches of government websites and servers, there has been a gradual normalisation of data-related crimes, to an extent that hardly do you see anyone raise an eyebrow anymore. Citizens, too, seem to be accepting the fate of their data being inherently vulnerable the moment it is digitised.

There has also been a thriving market for stolen data—a hidden domain populated by men trading in secrets—and leading it from the front are apparently government officials themselves: people who are supposed to protect our data. This was the subject of a recent report that, as a columnist of this daily has rightly assumed, would have "made a much bigger splash" in any other country. But not here. According to the report, citing a letter by the National Telecommunication Monitoring Centre (NTMC), some unscrupulous government employees with login credentials were stealing sensitive personal

data from the national intelligence servers and selling it to some 789 groups and pages on Facebook, Telegram, and WhatsApp. Collectively, these pages and groups—where questions like the above would be routine—have 32 lakh members and followers.

The sheer size of the network, and its disruptive and destructive potential, is frightening. It's like a data bazaar or supermarket, or, in marketing language, your one-stop shop for all things *you*. Here, your personal details are up for grabs to anyone willing to pay—to be used at their disposal and tossed away when their job is finished. Even payment is not necessary for information that is already publicly available, thanks to previous data breaches and exposures.

The NTMC is legally authorised to monitor all electronic communications in coordination with the telecommunications ministry, BTRC, and law enforcement and intelligence agencies. It stores data related to citizens' NID cards, passports, driving licences, and call detail records. Reportedly, nearly 500 officials of 42 organisations can log in to its National Intelligent Platform (NIP) using their IDs, and access the data for verification and investigation purposes. The digital trail of the latest breach was discovered when the NTMC traced unusually high numbers of logins to the NIP by IDs belonging to two officials from the Anti-Terrorism Unit (ATU) and Rab-6. Both of them are now under investigation for unauthorised data transfers. Previously, two data entry operators of the IDEA 2 project were also arrested for similar offences, according to our report.

The question is, with so many officials and organisations having access to the servers of the NTMC—a platform with a chequered history of handling

citizen data—are the detected four the only ones to have abused their login credentials? Knowing how prone to corruption many government employees are, and how weak our data security infrastructure is in general, we cannot be sure. It is more likely that other attempts have gone unnoticed. Although we don't know how many people were or will be affected by the latest breach, the number is likely huge.

Over the last few years, we have had many such data breaches which were usually blamed on outsiders. What will the authorities say now that insider involvement has been found in illicit data sharing/selling? Who will take the blame for this lapse in our data security protocols? For the citizens whose data was sold or otherwise made available, the consequences are not hard to imagine. A widespread dissemination of their private data poses a severe risk to their security and privacy. NID details, for example, can be abused to commit various crimes. In the past, we have seen how NID cards were used to open fake bank accounts and obtain loans, or to illegally access government grants. Victims, it goes without saying, may have to pay the price for such identity theft even years after the commission of any crime in their names.

The recent incident has raised fresh alarms both for the victims involved and Bangladesh's existing data ecosystem. A country that once promised a techno-utopian vision through catchphrases like "Digital Bangladesh" and "Smart Bangladesh"—with accompanying digitisation—is increasingly seeing its efforts descend into a dystopian nightmare. How the government responds to this scenario will determine the future of those grand visions.

**গণপ্রজাতন্ত্রী বাংলাদেশ সরকার**  
আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র  
সরকারী কার্যভবন-১, আগ্রাবাদ, চট্টগ্রাম-৪১০০১  
[www.bmd.chittagong.gov.bd](http://www.bmd.chittagong.gov.bd)

উপপরিচালক (দায়িত্বরত), আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, আগ্রাবাদ, চট্টগ্রাম কর্তৃক আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, চট্টগ্রাম এবং এর আওতাধীন বিভিন্ন অফিস/পরিষে্বক্ষ্যাসমূহে ব্যবহারের জন্য বিভিন্ন ব্যবহার্য সামগ্রী ক্রয়/সমগ্র্যের নিমিত্তে স্পেসিফিকেশন অনুযায়ী প্রকৃত প্রস্তুতকারী/ সরবরাহকারী প্রতিষ্ঠানের নিকট হতে সীলমোহরকৃত দরপত্র আহ্বান করা যাচ্ছে।

**দরপত্র বিজ্ঞপ্তি**

০১	মন্ত্রণালয়/ বিভাগ	প্রতিরক্ষা মন্ত্রণালয়
০২	অধিদপ্তরের নাম	বাংলাদেশ আবহাওয়া অধিদপ্তর
০৩	বাহ্যিক/আইসি অফিস	আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, আগ্রাবাদ, চট্টগ্রাম।
০৪	অর্থায়নের উৎস	২০২৩-২৪ সালের রাজস্ব বাজেট
০৫	দরপত্র বিজ্ঞপ্তির নম্বর ও তারিখ	২৩.০৯.১৫২৮.৫৬০.৩০.০০৬.২৩.১৮৮ তারিখ ২৩/০৫/২০২৪
০৬	দরপত্র বিজ্ঞপ্তির নাম/ বর্ণনা	বিভিন্ন ব্যবহার্য সামগ্রী (স্পেসিফিকেশন অনুযায়ী)
০৭	ক্রয় প্রক্রিয়া	উন্মুক্ত দরপত্র পদ্ধতি (পিপিএ-২০০৬ এবং পিপিআর ২০০৮ মোতাবেক)।
০৮	দরপত্র সিডিউলের মূল্য (অফরেফারেন্স)	টাকা ১০০০/- (এক হাজার) মাত্র।
১০	আর্নেস্ট মানি/ টেন্ডার সিকিউরিটি (রেফারেন্সযোগ্য)	টাকা ১৫,০০০/- (পনের হাজার) মাত্র। উপপরিচালক, আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, আগ্রাবাদ, চট্টগ্রাম এর অনুকূলে যে কোন তফসিলী ব্যাংক কর্তৃক ইস্যুকৃত পে-অর্ডার/ ব্যাংক ড্রাফট আকারে দরপত্র প্রস্তুতকারীর সাথে দাখিল করতে হবে।
১১	দরপত্র সিডিউল বিক্রয়ের স্থান	আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, সরকারী কার্যভবন-১, আগ্রাবাদ, চট্টগ্রাম।
১২	দরপত্র সিডিউল বিক্রয় আরম্ভের তারিখ	২৬/০৫/২০২৪ হতে প্রত্যেক কার্য দিবসে অফিস সময়কালীন সময়ে।
১৩	দরপত্র সিডিউল বিক্রয়ের শেষ তারিখ	০৫/০৬/২০২৪ দুপুর ১২.০০ ঘটিকা পর্যন্ত।
১৪	দরপত্র গ্রহণের শেষ তারিখ ও সময়	০৬/০৬/২০২৪ তারিখ দুপুর ১২.০০ ঘটিকা পর্যন্ত।
১৫	দরপত্র গ্রহণের স্থান	আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, সরকারী কার্যভবন-১, আগ্রাবাদ, চট্টগ্রাম।
১৬	দরপত্র খোলার তারিখ, সময় ও স্থান	০৬/০৬/২০২৪ তারিখ দুপুর ১২.১৫ ঘটিকা, আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, সরকারী কার্যভবন-১, আগ্রাবাদ, চট্টগ্রাম।
১৭	দরপত্রের তথ্য/ শর্তাবলী	দরপত্র সিডিউলে বিজ্ঞপ্তি বর্ণিত রয়েছে।
১৮	কর্তৃপক্ষ কোন কারণ দর্শানো ব্যতিরেকে যে কোন দরপত্র আংশিক কিংবা সম্পূর্ণ গ্রহণ কিংবা বাতিলের ক্ষমতা সংরক্ষণ করেন।	

আগ্রহী দরদাতাগণ উপপরিচালক (দায়িত্বরত), আবহাওয়া ও ভূ-প্রাকৃতিক কেন্দ্র, আগ্রাবাদ, চট্টগ্রাম এর বরাবর আবেদন করতঃ প্রতিটি দরপত্র সিডিউল নিম্নস্বাক্ষরকারীর অফিস হতে অফিস চলাকালীন সময়ে উপস্থিতি মূল্যে ক্রয়/সমগ্র্য করতে পারবেন।

(মোঃ নূরুল করিম)  
উপপরিচালক (দায়িত্বরত)  
ফোন: ০২৩০৩৩২১২৫২ (অফিস)  
E-mail: ctgubmd@gmail.com

GD-865